

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY KABUL

C O N F I D E N T I A L STATE 172661

E.O. 11652: GDS

TAGS: EAIR, EINV, AF

SUBJECT: PANAM-ARIANA RELATIONS

REF: KABUL (A) 4723; (B) 4724; (C) 4498

1. AFGHAN DESKOFF HAS BEEN IN TOUCH WITH CHARLES TRIPPE, PANAM V-P FOR CORPORATE DEVELOPMENT, NEW YORK, RE PANAM-ARIANA DISPUTE, AS WELL AS PANAM'S DESIRE TO WITHDRAW OR REDUCE INVESTMENT IN ARIANA. PANAM GRATEFUL FOR AMBASSADOR'S EFFORT TO CLARIFY SITUATION.

2. RE COMPTROLLER DISPUTE, BENNETT TELEPHONED TRIPPE JULY 21 EXPLAINING SITUATION FURTHER. ACCORDING TO TRIPPE, SITUATION DESCRIBED BY EMBASSY (REFTEL A) TENDS TO JIBE WITH BENNETT'S ACCOUNT, DISCOUNTING SOME EMOTIONAL FACTORS.

3. IN VIEW DIFFICULTIES SECURING FINANCIAL AGREEMENT WITH IRAN, PANAM REPS IN BOTH WASHINGTON AND NEW YORK HAVE IN-
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FORMED DEPARTMENT THAT COMPANY STRONGLY CONSIDERING ONCE

AGAIN WITHDRAWING OR REDUCING INVESTMENT IN ARIANA. TRIPPE EXPLAINED THAT PANAM CONSIDERING EITHER REDUCTION FROM FORTY-NINE TO TWENTY-FIVE PER CENT OR TOTAL LIQUIDATION. HE SAID ARIANA CURRENTLY IN GOOD CASH POSITION TO BUY OUT HALF OF ESTIMATED DOLS FOUR MILLION MARKET VALUE OF

INVESTMENT, BUT HE UNCERTAIN WHETHER GOA LAW WOULD PERMIT COMPANY TO BUY PANAM SHARES FROM WORKING CAPITAL. REMAINING HALF, HE SAID, MIGHT BE FINANCED BY MORTGAGE ON EQUIPMENT.

4. TRIPPE IMPLIED THAT PANAM MIGHT BE WILLING TO MODIFY ITS AGREEMENT WITH ARIANA ON COMPTROLLER DISPUTE IN RETURN FOR EQUITABLE DEAL ON REDUCTION OF INVESTMENT. HE FEELS THAT ACCOUNTING PROBLEM WITH GOA MAY POSSIBLY BE TRUMPED UP TO FORCE PANAM OUT OF ARIANA, ALTHOUGH HE ADMITTED THIS HIGHLY SPECULATIVE.

5. DESKOFF REPLIED THAT WE WOULD REVIEW OUR POSITION RE POSSIBILITY OF PANAM WITHDRAWAL FROM ARIANA AND BE BACK IN TOUCH. HE REMINDED TRIPPE THAT WE HAD EARLIER EXPRESSED CONCERN OVER EFFECT THIS MOVE WOULD HAVE ON USG PRESENCE IN COUNTRY, NOT TO MENTION OUR CONCERN OVER FUTURE OF AIRCRAFT MAINTENANCE AND AVIATION SAFETY STANDARDS OF AIRLINE. TRIPPE PROMISED NOT TO INITIATE ANY ACTION WITH ARIANA THIS REGARD WITHOUT CONSULTING WITH DEPARTMENT.

6. DEPARTMENT WOULD WELCOME EMBASSY COMMENTS. IN VIEW COMPANY'S FINANCIAL DIFFICULTIES, WE ARE CONSIDERING WHETHER WE WOULD BE JUSTIFIED IN MAKING ANY REPRESENTATIONS AT ALL, IF SOUND BUSINESS JUDGMENT DICTATES THIS INVESTMENT BE LIQUIDATED. AT SAME TIME, IT MIGHT BE ADVISABLE TO URGE PANAM TO RETAIN AT LEAST TWENTY-FIVE PER CENT EQUITY POSITION IN COMPANY. IF SUCH COURSE TO BE ADVOCATED, HOWEVER, WE WOULD NEED TO HAVE EMBASSY'S BEST JUDGMENT AS TO WHETHER THIS REDUCED SHARE WOULD GIVE PANAM ANY CONTROL OR INFLUENCE ON COMPANY POLICY OR OPERATION. KISSINGER

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